

**The
Passport Report**

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Part 1: Why you Need a Second Passport

How it All Started

The first refugee travel document was the Nansen Passport issued in 1917 to white Russian refugees in Europe. It was named after Fritzjof Nansen, the Norwegian explorer and delegate to the League of Nations. This passport successfully served hundreds of thousands of refugees as a document of identity for travel until the outbreak of World War II.

While the International Refugee Organization (IRO) replaced the defunct Nansen Passport Office from 1930 to 1945, it had no authority to issue identity or travel documents to refugees.

The 1951 treaty, Convention of the Status of Refugees, defined the rights of refugees. It only became operative in 1960 after the required 35 countries had ratified it. According to this convention, only those ratifying countries are authorized to issue travel documents to refugees. These countries are further authorized to determine which individuals are eligible to be recognized as refugees.

The result has created a large refugee population and economic pressures for some of the ratifies. In turn, some have refused to accept the legal responsibilities implied under terms of the Convention when declaring these refugees eligible. In some cases, the United Nations High Commissioner for Refugees Office (established in 1945 to replace the IRO), has given, without authority, the title "refugees-in-orbit" to those who are not recognized as eligible.

International law's UN Universal Declaration of Human Rights Article 13 states:

"Everyone has the right to freedom of movement and residence within the borders of each state. Everyone has the right to leave any country, including his own, and to return to his country."

Article 15 says: "Everyone has the right to a nationality. No one shall be arbitrarily deprived of his nationality nor denied the right to change his nationality."

However, countries the world over have spent most of their time restricting movement and making freedom of travel as difficult as possible. Hence this report.

Who Needs a Second Passport?
You, if your present passport or travel document:

1. Makes you a target for terrorists.
2. Could be revoked, confiscated or suspended.

3. Restricts your basic human right to travel in any way.
4. Subjects you to tax on your worldwide income, to currency controls or other confiscation.
5. Allows your government to control, restrict or monitor your travels.
6. Causes you delays, harassment or denies entry at any border.
7. Prevents you from working or settling anywhere you prefer.
8. Requires visas to visit places where you want to go.
9. Forces you into unwanted military obligations.
10. Identifies you as a citizen of an unpopular, immoral, aggressive or despotic nation.
11. Needs to be renewed or validated more than once each decade.
12. Limits your freedom to invest your money or borrow when and where you please.
13. Interferes with your freedom to pursue any investment opportunities or any other activity that brings you happiness without harm to others.
14. Last but not least, if your present citizenship requires too much bookkeeping and paperwork, making life a hassle . . . Then you may want to opt for more freedom. A second passport can be your passport to freedom.

Do Americans Need a Second Passport?

Perhaps people in countries facing civil war or political uncertainty, such as Hong Kong, may I need a place to go. But what about Americans? Don't Americans believe that everyone in the rest I of the world wants an American passport?

The truth is, some huddled masses and the wretched refuse of some third world shores may want to become Americans. But according to knowledgeable international lawyers and passport consultants, wealthy people (even those who might want to live part-time in the US for tax reasons) know better than to seek American passports. In fact, wealthy Americans create the greatest demand for second passports. Does this mean that American citizens are giving up their birthright in order to become citizens of banana republics and tin-horn dictatorships? Far from it!

During ten years of in-depth research and interviews the author has uncovered a fascinating story. The story of a trend by freedom-seeking individuals to imitate the multinational corporations. A surprisingly large number of these individuals are Americans. But they come from all over the world.

Why Brits do it

Over 600,000 United Kingdom citizens have been driven into exile because of high taxes. Once domiciled abroad, in Italy, Portugal, Singapore, Bermuda (and hundreds of other locations favored by the English), many Brits at first came home like migratory birds to spend six months each year (tax-free) vacationing in England. The tax collector, Her Majesty's Inland Revenue, then passed rules making long stays by former Brits more difficult. Today if a Brit maintains a home or apartment within the UK, even a single day's visit results in full income tax on worldwide income. Without a home the allowable vacation visit has been reduced to 90 days per year (after a three year continuous absence). Many Brits found that if they entered and left the UK on a non-British passport, the record of their entry and departure was never linked up with their income tax files. They could come and go in greater freedom, without counting the days.

Brits are individualists and freedom lovers. They don't like to be told they can't visit their old haunts or grandchildren unless they surrender up to forty per cent of their income for the privilege. Thus (ironically), Brits who love their Kingdom the most, those who like to spend time in the Motherland, are today most likely to have become citizens of another country. UK law allows unrestricted dual citizenship.

When do Swiss Need a Second Passport?

Swiss men who want to avoid lifetime military summer camps may wish to change citizenship. There are other reasons as well. Swiss citizens have found numerous instances where they are discriminated against. Switzerland does not permit foreigners to own land or hold a job in Switzerland (with a few exceptions). Thus, other countries playing tit-for-tat, have reciprocity laws. The Swiss are thus prevented from owning land or seeking employment in a long list of countries. This sort of restrictive legislation is of course stupid and self-defeating, but it goes on all the time.

Beating the Computers

Many countries have lately tried to trap more people in their tax nets. To do this they have shortened the periods that tourists or visitors can stay from the previously almost universal six months to much shorter periods. In the US after 1987, a foreigner who stays for over 122 days per year may be held liable for heavy US income taxes on his worldwide income. He will have to go through an unpleasant grilling to get a tax clearance before being permitted to leave. In that tropical paradise Thailand, a similar rule requires tax clearance and a \$50 fee payable by those who spend over 90 days per year in the country. For Perpetually Tax-free Tourists who wish to avoid such paperwork and expense, all such problems and confrontations are avoided by having a second passport. One departs before the maximum allotted time on passport number one and reenters later on passport number two, thereby keeping the annual visits, as recorded in passport entry-exit stamps, to the short periods allowed - at least insofar as the computers which record such matters are

concerned. Some individuals prefer name variations on their different passports to assure even greater privacy and freedom of movement.

Avoiding Discrimination

During the Falklands defense, British passport holders were discriminated against and detained in jails all over South America. There is scarcely a country in the world whose citizens are not regularly victims of international tensions. In 1986-89 any prospective visitor to France had to stand in long lines to get a French visitor's visa, unless he held an EU passport. Previously, before an outbreak of bombing and terrorism, France had allowed visa-free entry from a long list of countries.

An individual who has a drawer full of passports can choose the most suitable for the time and circumstances. Why shouldn't you always travel with minimum inconvenience?

Cutting Through the Red Tape

Pakistan denied entry to hundreds of British tourists stranded at Karachi airport after the UK attempted to halt illegal Pakistani immigration by imposing visa requirements on Pakistanis. Brazil requires American tourists to get a personal letter of recommendation from the US Ambassador in Brasilia after the US imposed a similar requirement upon Brazilian tourists in the US. The diplomats and politicians play games while travelers must incur extra costs and spend hours in airport transit lounges and embassy queues trying to cope.

Government officials are constantly throwing up more barriers to property ownership and freedom of movement. Insulation from bureaucratic harassment is sought by individuals. Those who have the intelligence and money to procure alternate travel documents will do so. Second passports can circumvent many miles of red tape.

The Multi-Nationals

A multinational corporation has several citizenship's. By incorporating in more than one political jurisdiction, a company becomes a legal entity able to do business in each country of incorporation. The company may be owned by a parent in a foreign country, but local governments generally treat it as one of their own domestic corporations, i.e. a local citizen.

To induce a foreign company to set up shop, many governments offer special concessions. These may include up to 25-year tax holidays, discounts on energy and raw materials, free land, subsidized local labor, cash grants and other attractions. Why? Principally because ruling powers tend to stay in office when the populace is employed and prosperous. High rates of unemployment bring unrest and riot, whereas full employment is a mass anesthetic. The cost of giving a 25-year tax holiday to a company that creates jobs and would otherwise not come, is zero.

The impetus to form multinationals, however, did not arise because of courtship's and extravagant inducements. The movement didn't even grow primarily to exploit localized opportunities for profit. Instead, explosive growth of the multinational movement came about to evade restrictions and high taxes. These were initially justified and imposed upon corporations, largely to pay for World War II.

Currency Control

In order to retain assets within their borders, all countries have at one time or another restricted capital outflows. One reason for moving money from one country to another is fear of loss due to political changes or relative inflation rates. For instance, all currencies tied to the US dollar were in a serious decline during 1984-87. Sensible French or Italian corporate treasurers and individuals looked to the currencies of low inflation countries such as Japan, West Germany and Switzerland for a hedge.

Foreigners and foreign subsidiary corporations can manage currency hedging easily without running foul of laws that often provide criminal as well as civil penalties for doing no more than prudently protecting one's capital. Very few countries in the world permit their citizens to have foreign bank accounts, foreign currencies or foreign investments of any kind without strict controls, costly permits and special taxes. Dual citizens, like multinational corporations, can usually circumvent all currency controls.

High Tax Rates

Governments imposed tax rates after World War II that generally soared to over 50 per cent. These rates would have been considered confiscatory prior to the war when international rates topped out at 10 per cent or so. No company can maintain a competitive edge and a healthy growth rate when over half of its profits are used to pay taxes.

The multinational corporate structure allows a company to make component parts and sell profitable services in a low tax jurisdiction, thereby minimizing taxation. For example, suppose a plastic part costs 2 cents to manufacture. It sells for \$1.00. If that part is wholly manufactured in the US, UK, Germany, Sweden or any other high tax jurisdiction, the 98 cents profit is eroded by a tax of 40 per cent or more.

If, however, the component part costing 2 cents is made in a no-tax zone such as Panama, and the home company is billed for \$1.00, a 98 cent tax-free transfer payment profit is accumulated and retained offshore. Loan transactions, insurance, shipping and other services are typically rendered by offshore corporations or individuals. Profits from these offshore activities thus build up capital abroad.

The Whole World is a Tax Haven

A high income individual American could change nationality, move part or full-time to a tax haven and continue to render services to his old company. He could be paid tax-free offshore.

A TAX HAVEN CAN BE ALMOST ANY COUNTRY OTHER THAN ONE'S NATIVE LAND

An individual can and should be a multinational if his tax payments are of greater value than the benefits received from his home country.

The Rolling Stones moved to France in order to escape high British income taxes. Yet many wealthy Frenchmen are in the UK in order to avoid high French taxes. This anomaly is caused by the fact that most high tax countries exempt foreigners who reside there less than six months a year.

Thus, a foreigner who winters in California for four months, travels or lives outside the US for three months and then spends the remaining five months in his own country will typically pay no taxes anywhere! More important, this individual will not be subject to currency controls, investment restrictions and burdensome paperwork brought about by bureaucratic tax and accounting requirements.

The multinational (two passport) individual has the same advantages as a multinational corporation.

In order to enter and live in a foreign country for six months as a tourist, one generally needs a passport. Several countries also require visas from tourists. And in order to remain longer, to work or purchase a home, a Residence Permit is often needed.

"Non-work residence permits" are typically granted to entrepreneurs and others who do not compete on the local job market. A citizen of any country (with the exception of the US and the Philippines) need never acquire a second passport for tax reasons. He simply moves and can then live anywhere outside of his homeland to escape taxes.

What's the Most Expensive Passport in the World?

The US is the only major country in the world that imposes the same tax rates upon US citizens who live abroad as it does upon US residents.

The resulting equation becomes a simple one for non-resident wealthy Americans. By giving up US citizenship, your net income is, at minimum, doubled. Your taxes are higher than you think they are, and getting higher all the time. Remember, that even a 28 per cent federal rate is but a component of the total bite. State and local taxes typically run to around 20 per cent. Then there is an additional federal surcharge for large incomes. Thus,

for unsheltered taxable income in the US, the effective rate is well over 50 per cent. Why pay it when one can just be a tourist visiting the US on a non-US passport?

Despite what President Bush's lips had to say or what President Clinton envisages for America, high taxes are here to stay and are as American as good old apple pie and baseball. Furthermore, US tax regulations will continue to change constantly and will continue to be complex and confusing. Retainers for tax lawyers and accountants will become increasingly expensive, and necessary, in order to protect American taxpayers from making small mistakes that quickly mushroom into huge fines and severe criminal penalties.

US tax collectors, known as the Internal Revenue Service (IRS), are notorious worldwide as a law unto themselves, behaving as extremely difficult and disagreeable tyrants. They have the power to make administrative seizures and confiscation that require the defendant taxpayer to go to court or to prove his innocence. IRS power is totally contrary to the US theory of "presumption of innocence until proven guilty by due process of law". Constitutional protections (privacy, no self incrimination, freedom of speech) have no application to tax matters in the US.

A second passport and less than six months (now reduced to 122 days) annual stay in the US avoids these confrontations and eliminates the myriad of full disclosure and detailed financial filing requirements. One may own real property in the US, hold securities and open US bank accounts without being a citizen of the US. It is best to accomplish this through nominees such as foreign banks or trustees for complete privacy.

Foreigners who become US citizens must give up their freedom, privacy and at least half their taxable income for the rest of their lives. Even if that income was generated by assets accumulated prior to becoming a US citizen. It is easy to see why the US passport is often called "the most expensive passport in the world"!

Naturally, US tax rates fluctuate and so-called tax shelters are available to US citizens and resident aliens. Yet it is far easier to avoid all US taxes and the tyranny of the IRS if one is not a US citizen and has no taxable assets there. Knowing all of this, would you still want to become or remain a US citizen? The clear answer for anyone of substantial means is "no". In 1990, the US Justice Department ruled that FBI agents may enter foreign countries and arrest Americans or foreign nationals wanted for federal offenses. This "snatch authority" will require presidential sanction in each case. Tax-dodgers have less security too, now the IRS has right of access to passport renewal information made abroad. Within a few years, as current passports expire, all non-filing US-nonresidents can be traced.

Foreigners are Always Treated Better than Citizens

Generally, anyone with papers identifying them as a foreigner can avoid most unpleasant police and bureaucratic contacts. My driving license was once taken by a pickpocket in an

English speaking country. The policeman making the theft report insisted upon arranging for me to obtain a replacement license issued by the local authorities so that I could continue my Australian tour with a rented car. The test was difficult, and I flunked it. Locals would have to wait six months before applying again. I was given a short oral course by the friendly director of the department and an oral re-examination. The result was an immediate license. "We try to help our overseas visitors," I was told.

Foreigners are more likely to obtain friendly, if not red carpet treatment since most governments encourage tourism. Nasty, local bureaucrats or customs officers may do their worst to their own countrymen, but few will harass foreigners. One exception may be the world infamous US immigration officers. They are mean as junk yard dogs to everyone. But guardians of the United Kingdom's borders and the Spanish Civil Guard, for instance, are always kind and helpful to tourists of obvious substance, although not always so nice to natives. Backpackers do not always get the same welcome! In any event, local citizens, backpackers or otherwise are far more likely to be strip-searched or abused than foreigners.

Americans coming home from Panama or the Cayman Islands can expect the proverbial third degree, complete with body search. Any affluent American, unless he is otherwise protected, is suspected of being in the money laundering business. He will be grilled. Any other nationality can import and export as much currency as they please with no reaction from US officials. Incidentally, cash bundles do show up on those airport X-ray machines. Customs officials of the country you are leaving will often seize large amounts of cash (over \$30,000) if you can't prove it was legally obtained, ie tax paid money. The crime of money laundering is always the flavor of the year.

How a Dual National Made US \$175,000 on a US \$600 Investment in Three Weeks

While a second passport is not being touted as the way to make a great fortune, reports from many of our clients indicate that a second nationality can lead to unexpected cash-making opportunities. One unusual situation occurred in 1985 when United Airlines announced a promotional contest. Anyone who could touch down in all 50 states of the US within 50 days, using United Airlines, would win unlimited first class air travel for one year.

An individual we'll call "Joe" had just acquired his second nationality. He was already aware of a "See the USA" air pass promotion that provided 30 days of US air travel for US \$600. This promotion was limited to non-US citizens or non-residents. A qualification that Joe could now meet.

He entered United's contest using his non-citizen's "See the USA" air pass and became one of 73 individuals to win. During the awards ceremony, Joe learned that he was the only one to make it on a \$600 air pass. Other entrants had spent over \$6000 on air tickets.

Joe then rang up over \$175,000 in first class airline trips in 1986 and 1987, all of which were paid for by United Airlines.

United's contest ended long ago. However, at the time of writing, the "See the USA" air pass program is still operating for non-US citizens. Other countries have similar deals for foreigners. In Italy for instance, tourists obtain free road insurance and 15 per cent discount coupons for gasoline. Non-EU citizens may purchase vehicles in Denmark at a substantial discount and obtain free two year international tax-free tourist plates that give *de facto* immunity on parking and traffic tickets.

Another example of the money-making potential of dual nationals involves an American Paraguayan. He bought a fully loaded top-of-the-line Mercedes Benz in Stuttgart for US \$30,000, drove it all over Europe and the US and sold it in the US after one year for a neat \$20,000 profit - after paying for shipping, EPA conversions and customs. He then bought a tax-free Cadillac convertible in the US which he sold in Switzerland for a similar profit. Although he could probably have accomplished this without a Paraguayan passport, he knows through experience that US customs authorities aren't so easy going with a US passport holder. Instead, they tend to impound an imported auto in order to find fault with its smog conversions.

In addition to ever-present situations to turn opportunities into cash, respectable foreign visitors who maintain their good humor and politeness will normally obtain exceptional courtesies from immigration, police and customs officials.

Banking Passports

In the course of writing the first few editions of *The Passport Report*, we often heard lawyers use the term "Banking Passport". Until then, we had never heard of it. But after our initial rejection of the concept as something possibly illegal and certainly unpatriotic, we have had a change of thinking. Especially for people who live in unfree countries, the concept of a "Banking Passport" now seems quite reasonable.

Let's say that Mr Smith is a citizen of the United States of Arrestia. As you know, Arrestia, hereafter called USA has all sorts of currency laws and restrictions. USA makes the unreported transfer of cash abroad a major felony-crime of money-laundering punishable by 25 years in the poky. It makes having a secret account abroad to preserve assets against government confiscation (by inflation or otherwise) a crime. Incredibly, failure to file detailed reports of all activities four times a year and pay one-third of your income to the State is also a crime. One can file all these reports and pay, but such disclosure defeats the whole purpose of most Arrestians. To have a nest egg that is judgment proof and above all, government proof.

There are persistent rumors that the USA will follow the example of its mentor the former USSR and simply declare all banknote over US \$20 to be null and void because cash is

something used only by criminals and drug dealers. Confiscation of private property is the logical solution of bureau-rats to all conceivable civic problems.

In our example, Mr. Smith is an Arrestian who has wangled the right to travel abroad freely. He also makes an occasional deal where the profits could be paid into a foreign account. He would probably be glad to pay a reasonable tax on such profits. But if he did pay a tax and reveal the nature of his foreign business (or publicly report where he keeps his assets), he would never have anything squirreled away for emergencies or retirement. So he stashes his cash and unwillingly accepts the risks of being a criminal by depositing some of his wealth outside of the US. The father of President John F Kennedy once remarked that there were so many laws, it was impossible for any businessman not to be a criminal. That was 60 years ago! Now, laws on the books have multiplied 10,000 times.

As a result the US (as in the United States of America) has a prison population ten times as big as the average country in Europe and is in fact the number one jailer on a per-capita basis, in the world, surpassing by far South Africa and the former Soviet Union who were the old champs at keeping their citizens in the poky. The United States of Arrestia is only slightly better. Thus, Smith wants to be low profile.

"Offshore Financial Advisers" tell Mr. Smith that he can control yet conceal, secret assets by means of trusts, holding companies, foundations and other expensive legal entities requiring annual costs of at least £2000 or more to set up and around £1000 or more per annum for care and feeding. The disadvantage of such arrangements (necessary for active businesses, but not needed for mere asset management) is that not reporting such activities is illegal anyway. To make things worse, with offshore trusts or other vehicles:

- a) Someone else knows your business. Those persons are not necessarily:
 1. Discreet
 2. Honest
 3. Cheap to feed
- b) Your advisers (or new partners in crime) will say they need to be able to sign checks (to insulate you, they say) and control your funds. But all too often the adviser:
 1. Makes bad business decisions
 2. Makes mistakes
 3. Is not available when you need him
 4. Steals or at best
 5. Gets into some difficulties unrelated to you and to save his hide gives you up.

You can't sue anyone for telling your secrets without stirring up an even bigger can of worms.

As Ferdinand and Imelda Marcos learned when their personal financial records were splattered all over the newspapers, they could be charged with many crimes even though advisers assured them that everything was "legal". [*Moral of story*: There is little or nothing one can do in business, politics or tax-avoidance that can't be turned into a criminal prosecution. Once you are in court, you will be financially ruined before you are finished - win or lose.] The best protection may be to do whatever you are doing without witnesses or paperwork. Avoid giving information to friends and confidants. They could turn into enemies!

THE BANKING PASSPORT IS AN OPTION FOR A CHIEVING PRIVACY AND CONTROL

The old alternative was setting up a corporation, foundation or trust. You create a separate legal entity. Perhaps it was offshore, which just means not in your native country. The corporate treasurer (not you) signs checks. You are supposed to control things behind the scenes. It works, sometimes. But what if you create another person with another nationality and a full set of identification? Will this serve the same purpose more cheaply and effectively? Can this be done legally? For the person with passive investments, the answer is, yes! So let us now return to Mr. Smith.

Assume that the Grand Duchy of Freedomia will accept any (rich) person as a citizen and issue them a passport. Assume further that Freedomia (like most English speaking countries) permits its citizens to use any name they like on their passports. Presto! Shazam! You have created something like a corporation or holding company or foundation, but you have complete control. The new person you have created is the only completely reliable and trustworthy person in the whole world. Why? Because it is you, yourself!

Thus Mr. Smith, does not go to his lawyer and say, "Set me up with an offshore holding company". Instead he says, "Set me up with a new passport from a truly free country, or if none is available, then at least a country that does not care about its offshore citizens. That way, I won't have to serve in any army to kill people, spend half my time filling out silly forms, pay any more income tax or inheritance tax, VAT etc. or allow myself to be treated like some sort of resource, whose only purpose is to be exploited to pay for things I don't even believe in. Give me a new name and a new passport." For a one-time fee in the US \$20,000 range, that is exactly what many lawyers can do. If Mr Smith read *The Passport Report* he might do it himself, for free! Either way, Mr. Smith, now stops at his safe-deposit box just across the border whenever he leaves Arrestia. He deposits his passport. Then, like Superman, he switches passports, thus changing identity to (for instance) "Sherlock Holmes Acourt, Earl of Freedomia". The noble title is, of course, an optional extra, and for low profile purposes is definitely not recommended! But we like a little humor in our otherwise dull presentations. So as a sideline we help deposed ax-monarchs

peddle noble titles. Titles can impress young girls, sometimes. But we digress, back to that new PT with the new ID, Mr. Smith.

If Sherlock Holmes Acourt, also known as Smith of Arrestia is a PT, he probably never visits either Arrestia or Freedomia with his new Freedomia Passport. He keeps the two identities completely separate. When back in Arrestia for rare visits, Sherlock Holmes Acourt doesn't exist, at least not on any Arrestian computer. If any Arrestian spy should ever learn that someone named Sherlock has an account at the Terribly Secret Bank & Trust Company of Liechtenstein Ltd. the Arrestian investigator will ignore it. What does he care if some citizen of Freedomia has a secret account. Everyone knows that the Freedomia government is a bunch of anarchists who don't tie up their citizens with the heavy Arrestian ball and chain of taxes on worldwide income, currency restrictions and long jail sentences for almost everything. For those readers who haven't figured it out, Freedomia is every country in the world except the "Socialist Republics" and the Union of Socialist Arrestia (USA).

Getting back to Smith and his new passport. What has he accomplished? Smith has a new identity. With it he can judgment-proof his assets and do things that have no connection with Mr Smith of Arrestia. He can even do things that are legal everywhere else, but might be slightly illegal in the eyes of the despots of Arrestia. Even if those dastardly secret snooper agents of Arrestia (planted in Swiss banks etc.) should intercept a communication or letter regarding "Sherlock Holmes Acourt" there would be no connection between Sherlock and Smith. Unless Smith sent out communications direct from Arrestia in his alias or blabbed about his new arrangements.

If some day the vicious Arrestian dictator, Cardinal Flimsy Wolsey decided to torture all citizens by making them come home to Arrestia and constantly listen to his renditions of *Le Figaro*, Smith would have the option of staying abroad as Sherlock. If the Arrestian government decided it would not renew the passports of citizens abroad unless they paid some exorbitant sum (like 50 per cent of their income) just for the privilege of having an Arrestian passport, Smith could simply become Sherlock for good, stay away from his native country and put his expensive Arrestian passport to its highest and best use. Perhaps as toilet paper.

As a dual Arrestian-Freedomian, it is possible that many countries would accept Smith as a tourist (without requiring a visa) or resident just because he was a citizen (and/or noble) of Freedomia. In any event, with two passports to choose from, he can travel or immigrate more easily in an emergency than most people.

If you read *PT (Parts I and II)* you know why having a second passport is such a good idea. The concept of a "banking passport" is simply that for a one-time expense and/or effort, one can become a new person. This separates one from activities or assets best kept confidential.

In the perfect world of our imagination, private property would of course be a sacred protected right. There would be no laws against an individual using (or hiding) his legally acquired assets any way he wants to, but unfortunately, the rulers of Arrestia think (and have passed laws to support their views) that all property is theirs to re-distribute. Your ass and your assets are equally the property of the State.

Politicians can always figure out new ways to squander your money. National budgets expand to absorb available resources. A favorite boondoggle is to hire more bureaucrats who don't work or produce anything but are very good at tying us up in red tape.

If we are to exercise our natural right to own property and the duty to provide first for our family and our own comfortable retirement, we must figure out some way to place our nest egg somewhere beyond the grasp of those socialist minded officials who now have power over our A+A (Ass and Assets or, if you prefer, Property and Posterior).

The "banking passport" is just one of many tools available in the pursuit of freedom. It is nothing magical, and it is nothing new. International types have been using passports of convenience ever since passports were invented by Napoleon to prevent Frenchmen from leaving their country to avoid excessive taxation and military service. Passports have always been nothing more than a way to restrict freedom and to control people. In order to overcome unnatural barriers to the basic human rights of free travel and freedom to move assets, we can consider obtaining second or third sets of travel documents. Circumventing restrictions with appropriate paperwork is the traditional job of lawyers. It has always been the way to regain freedom or keep assets that governments would steal. Only wicked governments restrict travel. Only criminal governments who fear having their citizens living freely abroad force their citizens to return in person to renew passports. Only greedy and unreasonable governments make passport renewals dependent upon the payment of large sums of money (like an income tax on worldwide income - without any benefits). Only the most evil, despotic governments forbid or make dual-citizenship difficult for their citizens to obtain.

If your government does any of these things, it may be time to vote with your feet and move your Ass and Assets elsewhere. Or at least position yourself to be able to move when the time is ripe. Who, these days, can seriously argue that their government will "provide for and protect them"?

Only people who do not love freedom submit to the dictates of despots. The PT will make governments exercise some restraint upon their greed and arrogance. If more people had the paperwork in hand to put A+A out of their jurisdiction, governments would no longer be the number one cause of misery and premature death in the world. Just as citizens of the ancient Mayan civilization disappeared into the jungle when the government began claiming all the best young virgin girls for human sacrifice (as a form of tax payment), such wasteful misuse of our A+A must be stopped today. We hope this has given you some food for thought!

The author welcomes all input, suggestions, improvements. As Ben Franklin said, "If we don't all hang together, we will hang separately!"

Extradition - It Needn't Affect You

Extradition is the process whereby a State returns an individual to that State in which he has been accused or convicted of an offense. In such a way, someone who considers leaving friends and family, home and heart in order to escape from persecution or jail might also fear being dragged back home to face the music. The truth is that with over two hundred different countries in the world, no one need know where to begin looking. Even if they did know where you went, legal extradition is not available for most of the situations that people run away from.

Some nations prohibit or criminals conduct that others consider to be normal or even beneficial. In Quebec, Canada, a seller of English language books was convicted of having an English language sign in his window because all signs in Quebec have to be in French. Of course, no nation would extradite such a "criminal".

In the US, individuals receive stiff sentences for selling vitamin pills if they claim that health benefits accrue to users, even if the claims are true. In some countries, private commercial transactions or ownership of a foreign bank account is a capital crime, as is defection. Most countries, however, do not extradite for such crimes.

Generally, there is no extradition for:

1. Private debts or civil matters.
2. Quasi-criminal matters such as failure to pay alimony, child support or taxes.
3. Political matters such as treason or fiscal offenses such as currency control violations.
4. Victimless or moral crimes such as prohibited sexual relations, slandering the state or refusing to abide by restrictions imposed upon racial or religious minorities.
5. Offenses which aren't serious (felonies) in the sanctuary jurisdiction. "Sanctuary" is the place where you go after committing an offense elsewhere.

However, extradition does still exist. The first US extradition treaty was with Great Britain in 1794 and permitted extradition between the two countries of citizens for murder and forgery. Extradition can occur in formal or informal legal processes. When a country recovers an individual informally it does so through unofficial methods. This often occurs at US borders when the Border Patrol, immigration and customs personnel trace the fugitive through personnel working on the other side of the border. In some instances, fugitives are forcibly abducted and returned for trial or punishment. A famous example of informal extradition occurred in 1960 when Adolf Eichmann was kidnapped from

Argentina to stand trial in Israel for Nazi war atrocities committed in the Second World War.

Informal extradition requires no treaties between the countries involved. Formal extradition, on the other hand, involves quite a process. Supposing the US wishes to extradite a fugitive from a foreign State. First, a US government diplomatic agent requests that the individual be surrendered by the foreign State. The foreign State will investigate the situation and, if an extradition treaty holds between its country and the US, it will generally surrender the individual. In a formal extradition such as this the legal principles of specialty and dual criminality must be observed. Through the principle of specialty, the requesting State can try the fugitive only for those offenses on which the extradition was based. Dual criminality requires that the crimes of which the fugitive is accused be considered crimes in both countries.

Currently, extradition of fugitives to the US is done through Mutual Legal Assistance Treaties which have been set up between the US and other countries to promote cooperation in the exchange of information and evidence. Countries which have MLATs with the US are Anguilla, Argentina, Belgium, British Virgin Islands, Canada, Cayman Islands, Columbia, Italy, Jamaica, Mexico, Montserrat, Morocco, Netherlands, Nigeria, Panama, Spain, Switzerland, Thailand, Turks and Caicos Islands, United Kingdom, and Uruguay. In fact, the US has some kind of extradition treaty with most of the countries of the world. Countries which do not have extradition treaties but do maintain diplomatic relations with the US are Afghanistan, Algeria, Armenia, Bahrain, Bangladesh, Bophuthatswana, Brunei, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, China (People's Republic of China), Ciskei, The Comors, Cote d' Ivoire, Djibouti, Equatorial Guinea, Ethiopia, Gabon, Guinea, Guinea-Bissau, Indonesia, Jordan, Korea (South), Kuwait, Laos, Lebanon, Madagascar, Mali, Marshall Islands, Mauritania, Micronesia, Moldova, Mongolia, Mozambique, Myanmar, Namibia, Nepal, Niger, Oman, Philippines, Principe and San Tome, Qatar, Russian Federation, Rwanda, Saudi Arabia, Senegal, Sudan, Syria, Togo, Tunisia, Uganda, Western Samoa, Yemen, Zaire, and Zimbabwe. Countries which have neither diplomatic relations nor extradition treaties with the US are Andorra, Angola, Bantu Homelands, Bhutan, Bosnia, Cambodia, Ciskei, Cuba, Iran, Korea (North), Libya, Maldives, Serbia, Somalia, Taiwan, Transkei, Vanuatu, and Vietnam.

US prosecutors have become more powerful with the arrival of MLATs. They can order search warrants in foreign jurisdictions, freeze assets before trial and access financial records. US prosecutors are most powerful in their MLATs with Argentina, Spain and Uruguay since governments of these countries are required to assist even if their constitutions do not consider the fugitive's offenses to be criminal. However, it is worth noting that the Bahamas, Panama, United Kingdom (and their Caribbean colonies), and Uruguay are not obliged through their MLATs with the US to assist US prosecutors who are pursuing an individual for tax offenses.

As for fleeing to the US, forget it. Foreign countries requesting extradition of an individual from the US need demonstrate "probable cause" alone and the US Federal Court will issue a detention order for the individual under suspicion. The Secretary of State makes the final decision and if he issues a surrender warrant, the fugitive will be returned to the authorities requesting the extradition.

Whenever a sanctuary country wants to be rid of an individual, deportation or rendition is the normal process. Quite simply, the undesirable is placed on an outbound boat or plane to the country requesting the extradition or to a jurisdiction indicated by the requesting country. Unlike extradition, rendition is an administrative affair without the formality of judicial review or appeals. The result is similar, of course, and the fugitive is sent back to the country which seeks him. In practice, extradition is granted only in connection with criminals considered to be dangerous to the sanctuary country. These would include:

1. Contract murderers.
2. Major narcotics dealers.
3. Other undesirables such as child pornographers and child molesters.

It should be noted that, although extradition gets a lot of publicity, it is a relatively rare event.

How Fugitives Avoid Capture Indefinitely

We will not dwell upon justifying someone becoming a fugitive. Suffice to note that for all of the situations where someone is properly accused and deserves to be brought to justice, there are also some situations which are clearly a miscarriage of justice and common sense, if not also a mistake of law. The point is that some people who have been falsely accused or have made a mistake or have paid their debt to society probably deserve a chance to start anew. If they arrive in a new country and live a clean trouble-free life for many years, generally past problems will fade away. A fugitive is generally "home free" if he can keep a low profile and separate himself from his past.

Your Individual Goals

95 per cent of the solution to any problem lies in clearly writing it down and then listing your options.

WG Hill

Would you drive a car without a spare tire? Probably not! The cost of emergency protection is low when you consider the inconvenience it may save you. Being stranded just once makes anyone a believer in spare tires. Unfortunately, you usually won't get a second chance to consider the merits of a second passport. Too often people put off taking the necessary steps to protect themselves against crisis situations.

Adversity occurs with unfortunate and increasing regularity. Terrorist incidents, kidnappings, hijackings, revolutions, wars and social changes are the most obvious. But what about divorce? Child custody disputes? Unjust accusations of crime? Crippling litigation? Confiscator tax claims? For any business person who achieves an above average level of wealth, these problems are becoming almost inevitable.

A proliferation of laws and regulations seems to almost make even breathing a criminal offense. You don't have to be a bad person to face jail or the loss of all your property any more. Growing the wrong crops on your farm, selling goods at the wrong prices, inadvertently causing a negative environmental impact, overhearing a conversation and not reporting it to the authorities, causing a traffic accident while under the influence of a prescribed medicine - all of these newly-defined crimes and many inadvertent acts or omissions could mean financial disaster or even a jail term. This is true in all first world countries.

It may seem unlikely now, but like cancer, getting caught in the grind wheels of a bureaucracy is an unpredictable thing. Until it happens, you don't believe it could happen to you. Our usual belief is that problems will happen to the next guy or the folks in the next country. This means that the majority of people are not prepared. They do not have an escape route. They do not have options.

Of course it is foolish to run away from every problem at the first sign of trouble. It is equally foolish to place yourself in a vulnerable position. Why take a beating that could have been avoided? Having a second passport, like having spare cash for emergencies, is just a type of self preservation.

Do you need diversification? Clearly you do. Consider this. Simply being a banker, a respectable enough profession in most places, was declared a crime punishable by death in Iran, a result of the Ayatollah's strict enforcement of the Islamic ban on money lending. Bankers who couldn't get a visa or second passport to leave the country were shot or tortured to death. Obtaining the right to travel or to be able to leave a country is extremely important!

Communist countries prohibit most travel. In the "ex" communist countries of Eastern Europe, there is theoretical freedom to travel, but the paperwork and costs do not allow the "average Ivan" much latitude. Even respectable and civilized countries like Italy, France and the UK have in recent years effectively restricted travel by limiting amounts of cash that can be taken out, deposited or spent abroad by their citizens. These regulations wax and wane. Accordingly, it goes without saying that in addition to a second passport, a good PT (see back pages of this book for a summary of the PT theory) must keep enough assets abroad to support himself for a year or more.

During the past 50 years, ownership of a second or spare passport would literally have saved the lives of millions of people. Today you can benefit from business and tax saving

opportunities with a second passport. You can in any emergency embark on a new life, leaving behind personal or national problems.

A passport is only a piece of paper. It is easy to obtain at nominal cost if you are not in a hurry or in an emergency situation. But when crisis hits and you need it most, a second passport can be nearly impossible to get in time for effective use.

Ideas and alternatives outlined here will ensure that you and your family will not only ride out most storms, but will actually profit and enjoy life more.

Once our simple ideas are implemented, newly opened business and tax pathways will lead to higher material standards and possibilities. There will be association with like-minded, intelligent, internationally-oriented people. Most importantly you will experience a personal sense of security and well-being. You will know that you have prepared yourself and your loved ones with tools, options and resources to deal with those inevitable crises and tragedies of life. You will gain a freedom of action and an expanded world view.

Do You Want to Control Your Own Destiny or be Flotsam and Jetsam, Tossed Around by Forces You Neither Understand Nor Control?

If you seek freedom from governmental whims and restraints, obtaining your second passport is a most important step. There are other intelligent moves to make. You must:

1. Protect and diversify your assets internationally.
2. Arrange for a source of livelihood, credit and a business at a second location.
3. Acquire a comfortable and suitable foreign residence, ready and waiting when you need it.
4. Develop an alternative lifestyle and a new identity.

You can be totally prepared financially, mentally and physically with your fallback social and economic contacts in place. This is PT. The Perfect Thing. But first you must have the papers (ie passport) and know-how to be able to go somewhere else.

You must have somewhere to go and something pleasant waiting for you at your destination point. But for now, let's concentrate on the paperwork. Namely how to go about obtaining your second passport.

*Comments, questions, additions and constructive criticism should be sent to:
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